



6450-01-P

DEPARTMENT OF ENERGY

Bonneville Power Administration

[BPA File No.: TC-20]

Proposed Open Access Transmission Tariff; Public Hearing and Opportunities for Public Review and Comment

AGENCY: Bonneville Power Administration (Bonneville), Department of Energy (DOE).

ACTIONS: Notice of public hearing and opportunity to review and comment on proposed open access transmission tariff.

SUMMARY: Bonneville is holding a proceeding pursuant to the Federal Power Act, to establish a generally applicable open access transmission tariff (OATT). Bonneville has designated this proceeding Docket No. TC-20. The Bonneville Project Act of 1937 and the Pacific Northwest Electric Power Planning and Conservation Act provide the Bonneville Administrator with broad authority to enter into contracts upon such terms and conditions and in such manner as the Administrator may deem necessary. The Federal Power Act provides procedures the Administrator may use when establishing terms and conditions of general applicability for transmission service across the Federal Columbia River Transmission System (FCRTS). By this notice, Bonneville announces the commencement of a proceeding to establish a generally applicable OATT, which includes the terms and conditions for transmission, ancillary, and generator interconnection services over the FCRTS to be effective on October 1, 2019.

DATES:

Prehearing Conference: The TC-20 tariff proceeding will begin with a prehearing conference on Friday, December 7, 2018, in the Bonneville Rates Hearing Room, 1201 NE Lloyd Boulevard, Suite 200, Portland, Oregon 97232. The TC-20 prehearing conference will begin immediately following the conclusion of the prehearing conference for Bonneville's BP-20 Power and Transmission Rate Proceeding, which begins at 9:00 a.m.

Intervention: Anyone intending to become a party to the TC-20 proceeding must file a petition to intervene on Bonneville's secure website no later than 4:30 p.m. on Tuesday, December 11, 2018. See Part III in **SUPPLEMENTARY INFORMATION** for details on requesting access to the secure website and filing a petition to intervene.

ADDRESSES:

Participant Comments: Written comments by non-party participants must be received by December 20, 2018 to be considered in the Hearing Officer's recommended decision and the Administrator's final Record of Decision (ROD). See Part III, in **SUPPLEMENTARY INFORMATION**, for details on submitting participant comments.

FOR FURTHER INFORMATION CONTACT: Ms. Heidi Helwig, DKE-7, BPA Communications, Bonneville Power Administration, P.O. Box 3621, Portland, Oregon 97208; by phone toll-free at 1-800-622-4519; or by e-mail to hyhelwig@bpa.gov.

The Hearing Clerk for this proceeding can be reached via e-mail at TC-20clerk@martenlaw.com or via telephone at (503) 243-2200.

Please direct questions regarding Bonneville's secure site to the TC-20 Rate Hearing Coordinator via e-mail at TC-20RateHearingCoordinator@bpa.gov or, if the question is time-sensitive, via telephone at (503) 230-3102.

Responsible Officials: Rachel Dibble, Manager of Transmission Products and Rates, is the official responsible for the development of Bonneville's open access transmission tariff.

SUPPLEMENTARY INFORMATION:

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Part I – Introduction and Procedural Matters

A. Introduction and Procedural Background

In this proceeding, Bonneville proposes a generally applicable OATT for transmission, ancillary, and generator interconnection services over the FCRTS to be effective on October 1, 2019. Bonneville's organic statutes authorize the Administrator to enter into contracts and set terms and conditions for transmission services over the FCRTS as the Administrator deems necessary to carry out Bonneville's duties and obligations. *See* Bonneville Project Act of 1937, the Pacific Northwest Consumer Power Preference Act, the Federal Columbia River Transmission System Act, and the Pacific Northwest Electric Power Planning and Conservation Act (Northwest Power Act). Section 212(i)(2)(A) of the Federal Power Act provides procedures the Bonneville Administrator may use when establishing terms and conditions of general applicability for transmission services across the FCRTS. These procedures include publishing notice in the *Federal Register* and conducting a hearing that adheres to the procedural requirements of paragraphs (1) through (3) of Section 7(i) of the Northwest Power Act,

16 U.S.C. 839e(i) (the same procedural requirements Bonneville uses when setting rates). In accordance with the Section 7(i) procedures, the Hearing Officer conducts one or more hearings to develop a full and complete record, which includes the opportunity for both oral presentation and written submission of views, data, questions, and arguments related to the proposal. Section 212(i)(2)(A) provides that upon conclusion of the hearing, the Hearing Officer shall, unless the Hearing Officer becomes unavailable to Bonneville, make a recommended decision to the Administrator, and the Administrator then makes a separate and final determination (discussed further in Part III, Section C of this notice).

Bonneville has adopted rules of procedure (Rules of Procedure) that govern its proceedings to establish terms and conditions of transmission service. In a public process that concluded earlier this year, Bonneville updated and revised the version of the rules that had applied in Bonneville proceedings since 1986. The revised rules, which took effect September 12, 2018, will apply to the TC-20 proceeding. Bonneville has published the revised Rules of Procedure in the *Federal Register*, 83 F. R. 39993 (Aug. 13, 2018), and posted the rules on its website at <https://www.bpa.gov/Finance/RateCases/RulesProcedure/Pages/default.aspx>.

B. TC-20 Settlement Agreement

During September and October of 2018, Bonneville engaged its transmission customers with long-term point-to-point and network integration transmission service contracts (“long-term transmission service agreements”) in an attempt to reach settlement of the generally applicable terms and conditions for transmission, ancillary, and generator interconnection services that Bonneville would propose to adopt during the TC-20 proceeding. These discussions have resulted in a settlement proposal that specifies the OATT that Bonneville is proposing to adopt in

the TC-20 proceeding. Bonneville and its long-term transmission customers have signed the TC-20 Settlement Agreement or indicated their intent to sign it by November 30, 2018.

Bonneville's agreement to the TC-20 settlement is subject to certain contingencies. First, Bonneville's customers with long-term transmission service agreements must sign the TC-20 Settlement Agreement. Second, the TC-20 settlement is also contingent upon parties to the separate Power and Transmission Rate Adjustment hearing (the BP-20 proceeding) not objecting to a proposed partial settlement with respect to the Transmission, Ancillary, and Control Area Services Rates for the FY 2020–21 BP-20 rate period.

If the TC-20 settlement is successful, Bonneville will file a motion requesting the TC-20 Hearing Officer to enter the TC-20 Settlement Agreement into the TC-20 record and issue a recommended decision to the Administrator which recommends adoption of the TC-20 Settlement Agreement.

If settlement of the OATT proposed in the TC-20 proceeding is unsuccessful, then Bonneville will notify all parties and decide how to proceed.

C. Proposed Procedural Schedule

A proposed schedule for the proceeding is provided below and is based on an outcome in which Bonneville's proposed OATT is settled. A final schedule will be established by the Hearing Officer and may be amended by the Hearing Officer as needed during the proceeding. If settlement of the proposed OATT is unsuccessful, the Hearing Officer will set up a scheduling conference to amend the procedural schedule for the TC-20 proceeding.

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| Prehearing Conference | December 7, 2018 |
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| Bonneville's Initial Proposal Supporting Adoption of the TC-20 Settlement Agreement | December 7, 2018 |
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D. *Ex Parte* Communications

Section 1010.5 of the Rules of Procedure prohibits *ex parte* communications. *Ex parte* communications include any oral or written communication (1) relevant to the merits of any issue in the proceeding; (2) that is not on the record; and (3) with respect to which reasonable prior notice has not been given. The *ex parte* rule applies to communications with all Bonneville and DOE employees and contractors, the Hearing Officer, and the Hearing Clerk during the proceeding. Except as provided, any communications with persons covered by the rule regarding the merits of any issue in the proceeding by other Executive Branch agencies, Congress, existing or potential Bonneville customers, nonprofit or public interest groups, or any other non-DOE parties are prohibited. The rule explicitly excludes and does not prohibit communications (1) relating to matters of procedure; (2) otherwise authorized by law or the Rules of Procedure; (3) from or to the Commission; (4) which all litigants agree may be made on an *ex parte* basis; (5) in the ordinary course of business, about information required to be exchanged under contracts, or in information responding to a Freedom of Information Act request; (6) between the Hearing Officer and Hearing Clerk; (7) in meetings for which prior notice has been given; or (8) otherwise specified in Section 1010.5(b) of the Rules of Procedure. The *ex parte* rule remains in effect until the Administrator's Final ROD is issued.

Part II – Scope of TC-20 Terms and Conditions Proceeding

This section provides guidance to the Hearing Officer regarding the scope of the TC-20 proceeding and identifies specific issues that are outside the scope. Bonneville's proposed OATT includes the terms and conditions for transmission, ancillary, and interconnection services

over the FCRTS. All terms and conditions of the proposed OATT (discussed in Part V of this notice) are within the scope of the TC-20 proceeding. In addition to the items listed, any other issue that is not a term and condition issue is outside the scope of this proceeding.

A. Cost Estimates

Bonneville's projections of its costs are not determined in terms and conditions proceedings. These projections are determined by Bonneville in other forums, such as the Integrated Program Review public process, with input from stakeholders. Bonneville's decisions regarding cost projections are outside the scope of the terms and conditions proceeding. If any re-examination of cost projections is necessary, such re-examination will occur outside the terms and conditions proceeding. Pursuant to Section 1010.4(b)(8) of the Rules of Procedure, the Administrator directs the Hearing Officer to exclude from the record all argument, testimony, or other evidence that challenges the appropriateness or reasonableness of the Administrator's decisions on costs and spending levels.

B. Rates

Bonneville recovers its costs and expenses in rates. Bonneville is holding a separate Power and Transmission Rate Adjustment hearing (the BP-20 proceeding) regarding the proposed fiscal year 2020–2021 power, transmission, ancillary, and control area services rates concurrently with this proceeding. Bonneville is publishing a separate notice in the *Federal Register* regarding the BP-20 proceeding. Bonneville's decisions regarding rates are outside the scope of the terms and conditions proceeding. This exclusion applies to rate designs, rate methodologies, rate forecasts, interest expense and credit, Treasury repayment schedules, non-Federal debt repayment schedules, revenue financing, calculation of depreciation and amortization expense, forecasts of system replacements used in repayment studies, transmission

acquisition expenses incurred by Power Services, generation acquisition expenses incurred by Transmission Services, minimum required net revenue, increase in, or the use of, financial reserves, and the costs of risk mitigation actions resulting from the expense and revenue uncertainties included in the risk analysis. Pursuant to Section 1010.4(b)(8) of the Rules of Procedure, the Administrator directs the Hearing Officer to exclude from the record all argument, testimony, or other evidence related to rates, or that challenges the appropriateness or reasonableness of the Administrator's decisions on rates or seeks in any way to propose revisions to the rates.

C. Bonneville's Tariff, Effective February 2, 2016

Bonneville offers transmission and interconnection service pursuant to an open access tariff with an effective date of February 2, 2016 (2016 Tariff). In this proceeding, Bonneville does not propose to change the 2016 Tariff; Bonneville proposes to establish a separate OATT. The 2016 Tariff is not within the scope of the TC-20 proceeding. Pursuant to Section 1010.4(b)(8) of the Rules of Procedure, the Administrator directs the Hearing Officer to exclude from the record all argument, testimony, or other evidence related to the 2016 Tariff, including but not limited to its terms and conditions, the ongoing administration of contracts offered under the 2016 Tariff, and Bonneville's decisions, business practices and procedures, and policies regarding the 2016 Tariff.

D. Bonneville's 2018–2023 Strategic Plan and Transmission Business Model

Bonneville's 2018–2023 Strategic Plan and the Transmission Business Model describe Bonneville strategies and policies which guided the development of the proposed tariff; however, these strategies and policies are not within the scope of the TC-20 proceeding. Pursuant to Section 1010.4(b)(8) of the Rules of Procedure, the Administrator directs the Hearing Officer to

exclude from the record all argument, testimony, or other evidence that visits or revisits the appropriateness or reasonableness of the Administrator's strategies and policies in the 2018–2023 Strategic Plan and the Transmission Business Model.

E. Business Practices Related to Bonneville's Proposed OATT

Bonneville's business practices provide implementation details for the OATT. These business practices do not significantly affect the terms and conditions in the OATT. The business practices, except as provided within the TC-20 Settlement Agreement, are not within the scope of the TC-20 proceeding. The TC-20 Settlement Agreement includes a Business Practice Process that Bonneville will use to develop its transmission business practices and the Balancing Reserve Capacity Business Practice. Pursuant to Section 1010.4(b)(8) of the Rules of Procedure, the Administrator directs the Hearing Officer to exclude from the record all argument, testimony, or other evidence that proposes or challenges Bonneville's current and future business practices, except as provided within the TC-20 Settlement Agreement. If the TC-20 settlement is not successful, the Hearing Officer is directed to exclude from the record all argument, testimony, or other evidence that proposes or challenges the Business Practice Process, or other process Bonneville uses or will use to develop its transmission business practices, and the Balancing Reserve Capacity Business Practice. This exclusion does not apply to arguments, testimony, or other evidence that challenge, visit, or revisit the appropriateness of Bonneville decisions to consider certain requirements or practices as implementation details for business practices or proposals to include such requirements and practices in the OATT.

F. Customer-Specific Contracts and Disputes

Contracts and contract disputes between Bonneville and its customers are not within the scope of the TC-20 proceeding. Pursuant to Section 1010.4(b)(8) of the Rules of Procedure, the

Administrator directs the Hearing Officer to exclude from the record all argument, testimony, or other evidence related to contracts and contract disputes of Bonneville customers.

G. Oversupply Management Protocol, Attachment P of Bonneville's OATT

The proposed OATT includes Attachment P, the Oversupply Management Protocol. Attachment P is approved by the Commission under Section 211A of the Federal Power Act and will not be revisited in this proceeding. *Bonneville Power Admin.*, 154 FERC ¶ 61,078 (2016). Pursuant to Section 1010.4(b)(8) of the Rules of Procedure, the Administrator directs the Hearing Officer to exclude from the record all argument, testimony, or other evidence related to the Oversupply Management Protocol, including but not limited to: the terms of the Oversupply Management Protocol (Attachment P); whether the Oversupply Management Protocol complies with orders of the Commission; whether Bonneville took all actions to avoid using the Oversupply Management Protocol, including the payment of negative prices to generators outside of Bonneville's balancing authority area; and issues concerning the rates for recovering the costs of the Oversupply Management Protocol.

H. Regional Transmission Planning

Attachment K to the 2016 OATT addresses certain transmission planning processes, including the coordinated regional transmission planning process that Bonneville has adopted as a member of ColumbiaGrid, a regional transmission planning organization in the Northwest. Representatives from Bonneville and other Northwest transmission entities are engaged in an ongoing effort to scope and form a new regional planning organization (RPO), which, if successful, would result in a new coordinated regional transmission planning process. Because of the ongoing discussions about a new RPO and the uncertainty about the coordinated regional transmission planning process that Bonneville will follow in the future, Attachment K and

related topics are not within the scope of the TC-20 proceeding. Pursuant to Section 1010.4(b)(8) of the Rules of Procedure, the Administrator directs the Hearing Officer to exclude from the record all argument, testimony, or other evidence related to Attachment K transmission planning, including the formation of or participation in a regional transmission planning organization and a coordinated regional transmission planning process.

Part III – Public Participation in TC-20

A. Distinguishing Between “Participants” and “Parties”

Bonneville distinguishes between “participants in” and “parties to” the hearings. Separate from the formal hearing process, Bonneville will receive written comments, views, opinions, and information from participants, who may submit comments without being subject to the duties of, or having the privileges of, parties. Participants are not entitled to participate in the prehearing conference; may not cross-examine parties’ witnesses, seek discovery, or serve or be served with documents; and are not subject to the same procedural requirements as parties. Bonneville customers who will receive transmission or interconnection service under the terms and conditions subject to this proceeding, or their affiliated customer groups, may not submit participant comments. Members or employees of organizations that have intervened in the terms and conditions proceeding may submit participant comments as private individuals (that is, not speaking for their organizations), but may not use the comment procedures to address specific issues raised by their intervenor organizations.

Written comments by participants will be included in the record and considered by the Hearing Officer and the Administrator if they are received by December 20, 2018. The proposed TC-20 Settlement Agreement and attachments are provided in Section IV of this notice. Participants should submit comments through Bonneville’s website at www.bpa.gov/comment or

in hard copy to: BPA Public Involvement, DKE-7, Bonneville Power Administration, P.O. Box 3621, Portland, Oregon 97208. All comments should contain the designation “TC-20” in the subject line.

B. Interventions

Any entity or person intending to become a party in the TC-20 proceeding must file a petition to intervene through Bonneville’s secure website (<https://www.bpa.gov/secure/Ratecase/>). A first-time user of Bonneville’s secure website must create a user account to submit an intervention. Returning users may request access to the TC-20 proceeding through their existing accounts, and may submit interventions once their permissions have been updated. The secure website contains a link to the user guide, which provides step-by-step instructions for creating user accounts, generating filing numbers, submitting filings, and uploading interventions. Please contact the Rate Hearing Coordinator via e-mail at TC-20RateHearingCoordinator@bpa.gov (or via telephone at (503) 230-3102) with any questions regarding the submission process. Interventions must conform to the format and content requirements set forth in Bonneville’s Rules of Procedure Sections 1010.6 and 1010.11. Interventions must be uploaded to the TC-20 proceeding secure website by the deadline established in the procedural schedule.

A petition to intervene must state the name and address of the entity or person requesting party status and the entity’s or person’s interest in the hearing. Bonneville customers and affiliated customer groups will be granted intervention based on petitions filed in conformance with Rules of Procedure. Other petitioners must explain their interests in sufficient detail to permit the Hearing Officer to determine whether the petitioners have a relevant interest in the hearing. The deadline for opposing a timely intervention is two business days after the deadline

for filing petitions to intervene. Bonneville or any party may oppose a petition for intervention. All petitions will be ruled on by the Hearing Officer. Late interventions are strongly disfavored. Opposition to an untimely petition to intervene must be filed within two business days after service of the petition.

C. Developing the Record

The hearing record will include, among other things, the transcripts of the hearing, written evidence and arguments entered into the record by Bonneville and the parties, written comments from participants, and other material accepted into the record by the Hearing Officer. The Hearing Officer will review the record and certify the record to the Administrator for final decision.

The Hearing Officer will develop a recommended decision for the Administrator regarding OATT terms and conditions. The Hearing Officer's recommended decision must be based on the record and include the Hearing Officer's findings and conclusions, and the reasons or basis thereof, on all material issues of fact, law, or discretion raised by the parties and Bonneville in their initial briefs.

The Administrator will make a final determination regarding the terms and conditions in Bonneville's OATT. The Final Record of Decision (ROD) will be made available to all parties.

Part IV – Summary of Open Access Transmission Tariff Proposal

In this proceeding, Bonneville is proposing to establish an OATT containing the terms and conditions of general applicability for transmission, ancillary, and interconnection service over the FCRTS to be effective on October 1, 2019. These proposed terms and conditions are closely modeled after the Commission's *pro forma* tariff to the extent possible and include (1) point-to-point transmission service (PTP service); (2) network integration transmission

service (NT service); (3) ancillary services; and (4) generator interconnection procedures and requirements. The proposed OATT assumes the TC-20 settlement is successful. In the event the TC-20 settlement is unsuccessful, Bonneville will publish a revised OATT proposal consistent with the procedural schedule established and amended by the Hearing Officer.

Part V – Proposed OATT and TC-20 Settlement Agreement

Bonneville's proposed OATT and the TC-20 Settlement Agreement are part of this notice and are available to view and download on Bonneville's Website at www.bpa.gov/goto/TC20.

Signed on the 21st day of November, 2018.

Elliot E. Mainzer,

Administrator and Chief Executive Officer.

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